



CONGRESSMAN
Herbert H. Bateman

First District of Virginia

"America's First District"



2350 Rayburn HOB, Washington, D.C. 20515 ■ (202) 225-4261

NEWS

FOR IMMEDIATE RELEASE

March 2, 1999

CONTACT: Maureen Cragin

Ryan Vaart

(202) 225-2539

**OPENING STATEMENT OF THE
HONORABLE HERBERT BATEMAN
CHAIRMAN, SUBCOMMITTEE ON MILITARY READINESS**

This afternoon, the Subcommittee on Military Readiness is meeting to get a better understanding of the Department of Defense efforts to reform the way it does business, create future years savings for modernization while not jeopardizing the readiness of our military forces.

The two major programs that we will hear about today are the department's efforts under the Defense Reform Initiatives and the privatization and outsourcing of functions that do not need to be performed solely by military or civilian personnel of the Department of Defense. These are not new initiatives – we have been hearing about these efforts for some time – and it appears that these programs are expanding at a rapid rate. The competition for funding in the outyears for modernization has also expanded which has placed significant pressure on these efforts to bear fruit. However, the DOD practice of funding future defense budgets by relying on projected savings from programs that have not yet proven that they indeed save money is troubling.

Some of us here today remember prior programs that DOD has used in an attempt to create savings in the defense budget. Most notable was the Defense Management Review Directives which provided for sizable savings in the outyears, which DOD took from their future budgets. At that time, we consistently asked the question “what will happen if we do not achieve the projected savings?” We were continually reassured that the savings would happen. We also remember that many of these initiatives failed to generate the anticipated savings and the budgeting difficulties resulting from that particular exercise.

The committee does not oppose the concept of outsourcing of activities that are not inherently governmental, when there are demonstrable savings to the taxpayer. However, savings estimates must be based on proven program results and not incorporated into future budgets until determined to be

achievable. A properly executed A-76 process must be safeguarded to protect the interests of federal employees and the taxpayer. We will hear from the General Accounting Office today on estimated savings in the current and future years defense budgets.

The DOD is to be commended for embracing new initiatives that increase program efficiencies and for exploring methods of integrating the best practices of the corporate world into DOD programs. Privatization and outsourcing efforts are not bad as long as there is a detailed review of the benefits to such actions in terms of real cost savings and assurances that we do no harm to the military services' readiness capabilities. I do have a concern, however, that in its efforts to show progress, DOD is proceeding at a pace that may hinder its ability to sustain a high readiness capability in the years to come.

Because we owe it to the American taxpayer, our military men and women, and federal civilian civil service employees to ensure that there is sound stewardship over the resources that are entrusted to the Department of Defense, the hearing today is especially important. The issues we will discuss today have the potential of affecting nearly every sector of military life.

###